

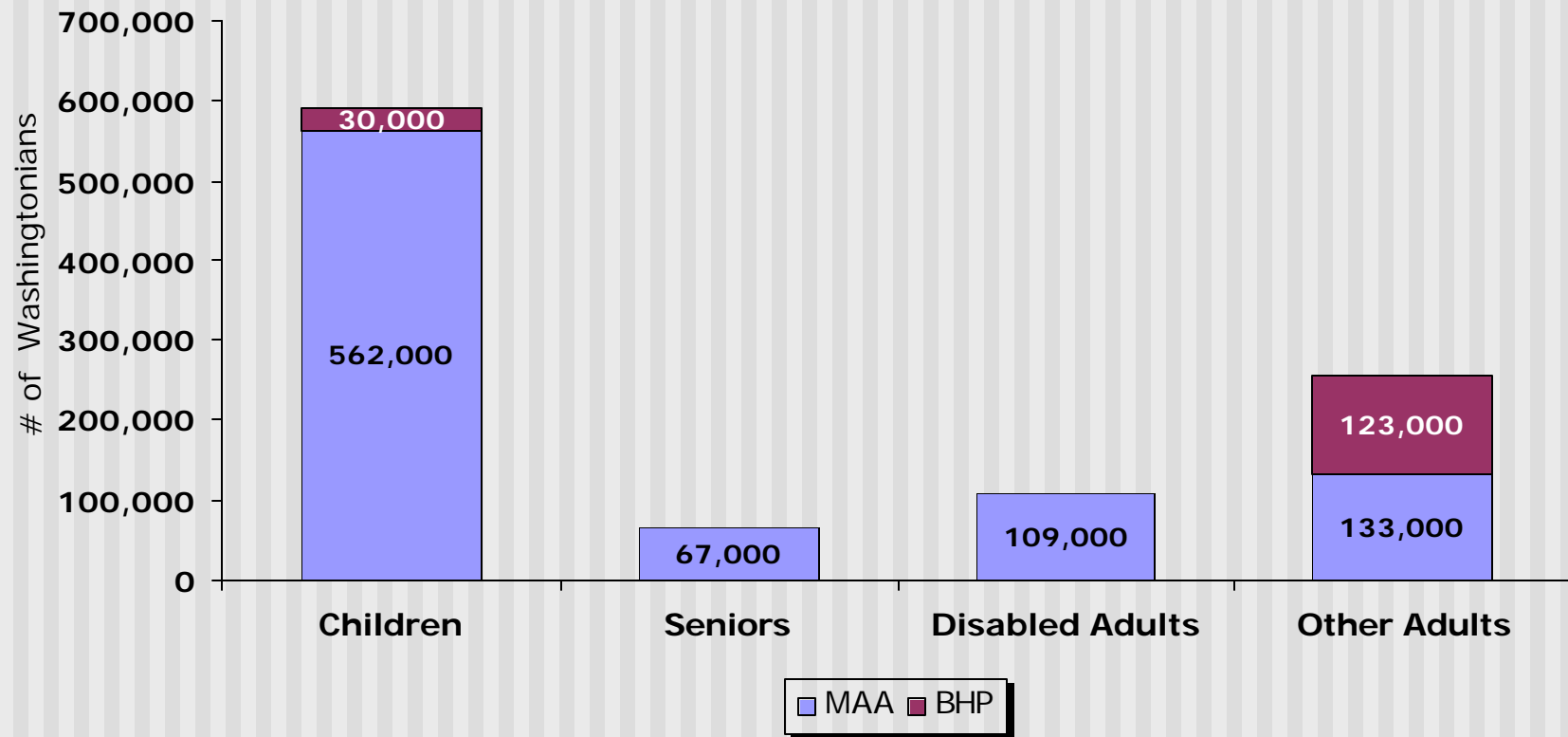
# Who is Covered by Medical Assistance and the BHP?



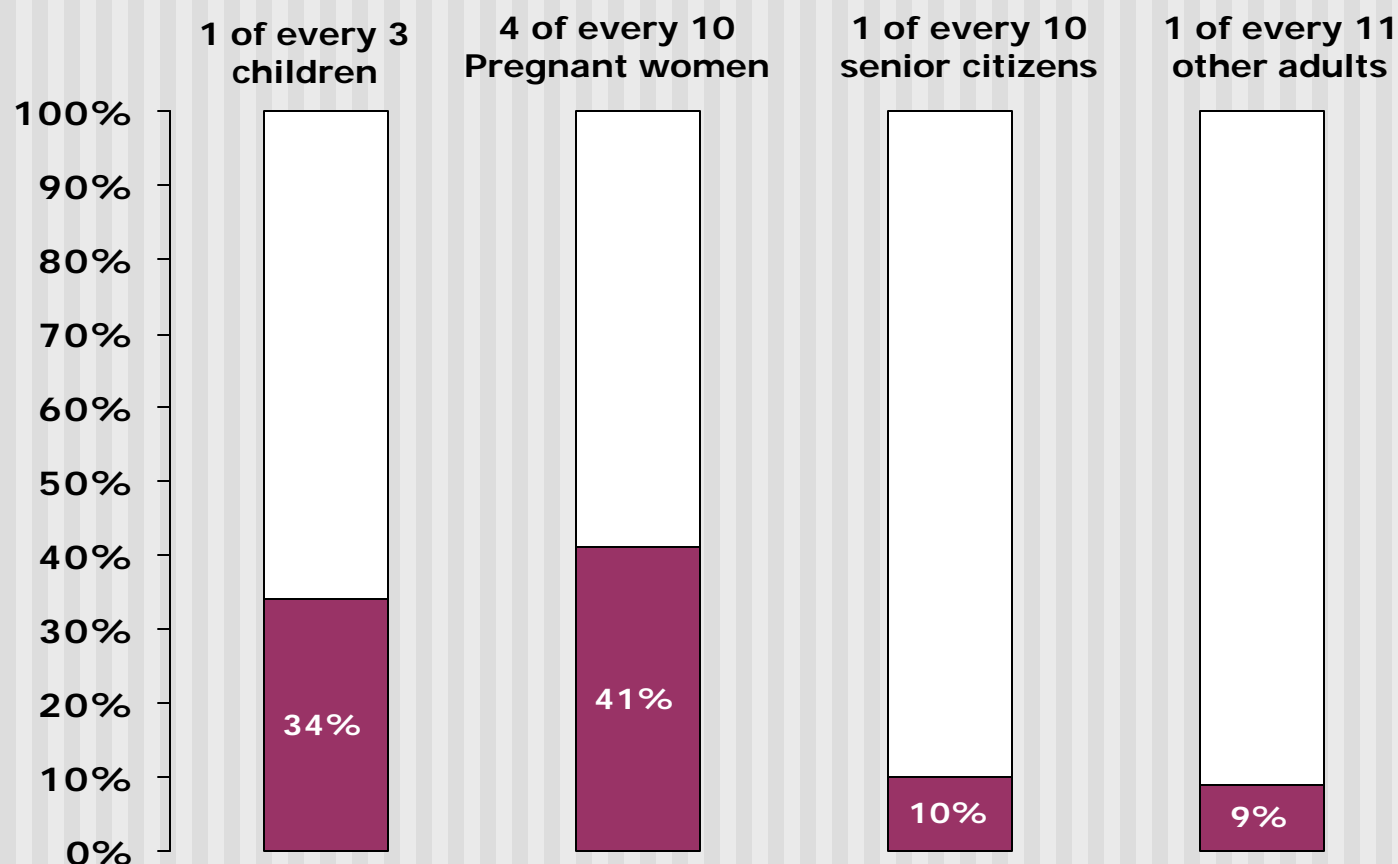
**Senate Ways and Means Committee Staff**  
**October 16, 2002**

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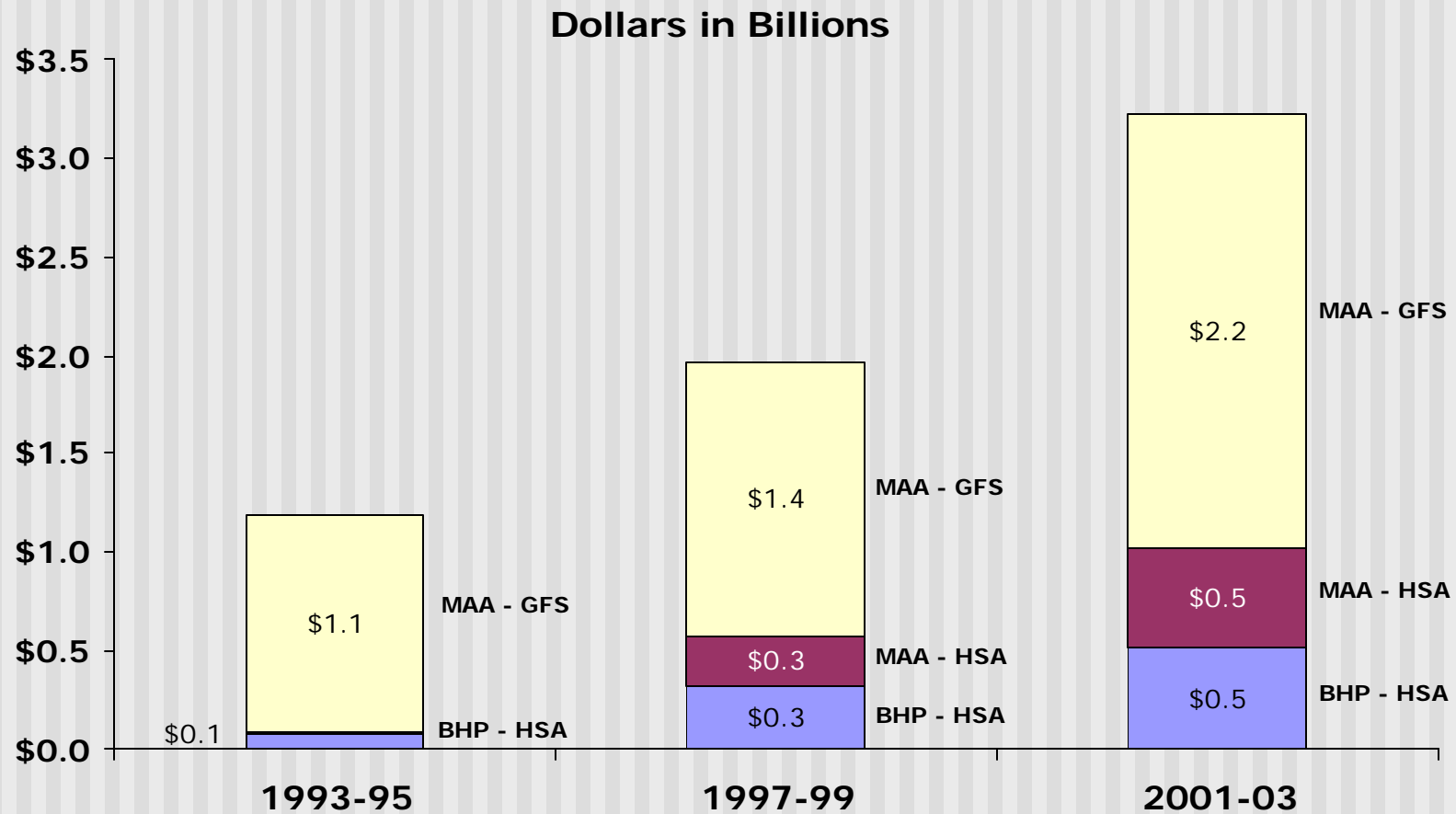
# Medical Assistance and the BHP Will Pay for Health Care for About 1 Million Washingtonians This Year.



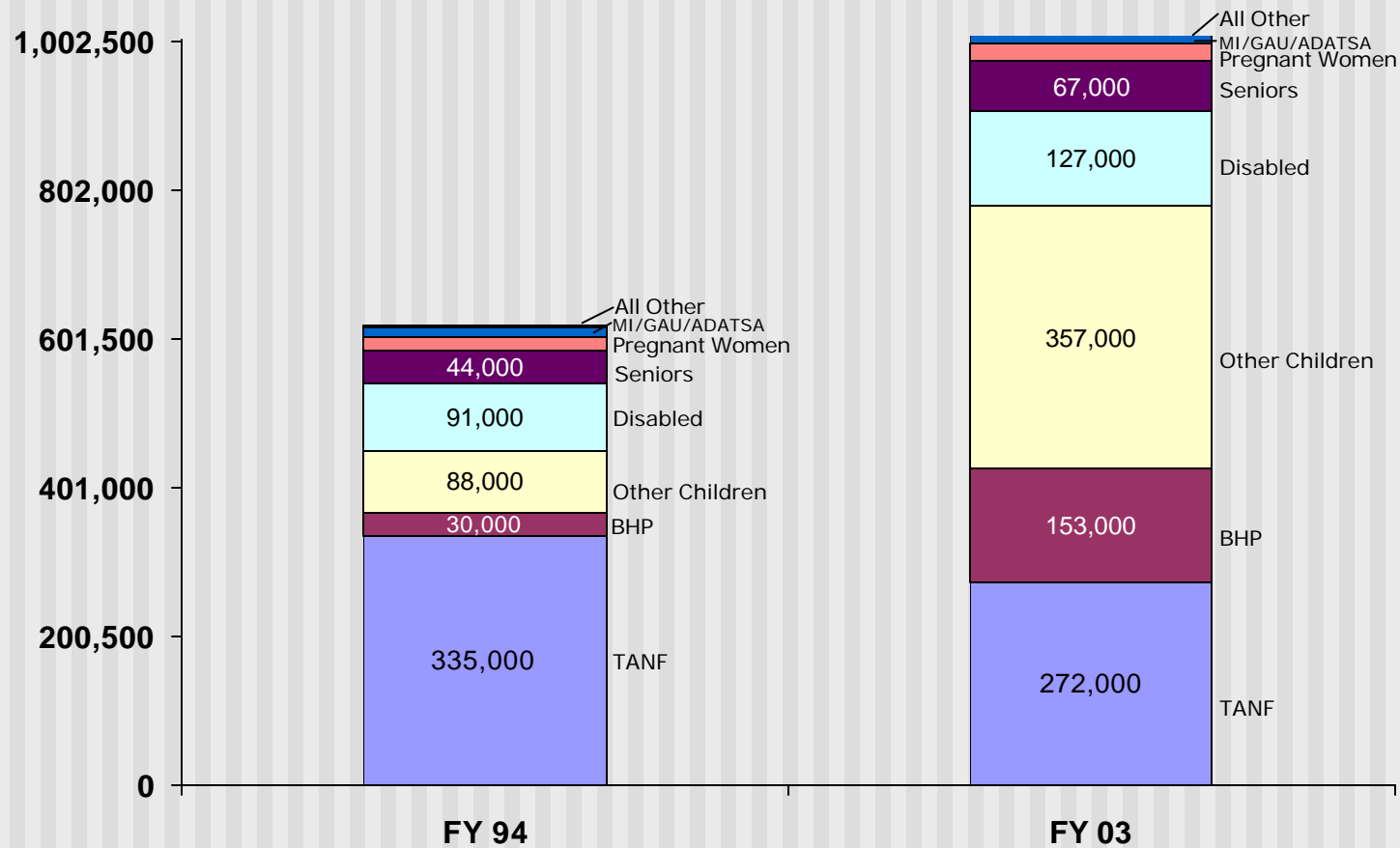
# The State's Low-Income Medical Programs Will Pay for Health Care for 1 Out of Every 6 Washingtonians This Year, including...



# State Tax Expenditures on Medical Assistance and the BHP Have Almost Tripled in the Past Decade, to a Total of \$3.2 Billion This Biennium.



# Medical Assistance and the BHP Will Cover 400,000 (Two-Thirds) More People This Year Than 10 Years Ago.



## The Growth in Medical Assistance and BHP Enrollment Appears to Account for All of the Reduction During the 1990's In the State's Uninsured Population.

	1993	1997	1998	2000
Employment-Based	70.9%	68.8%	68.0%	70.7%
Individually Purchased	7.1%	7.2%	8.4%	6.4%
Public Coverage	8.9%	12.5%	13.3%	13.7%
Uninsured	13.1%	11.5%	10.3%	9.2%

*Source: Data for this and the preceding chart compiled by the Washington State Planning Grant on Access to Health Insurance from the 1993 and 1997 RWWJ Washington Family Health Insurance Survey, and from the 1998 and 2000 OFM Washington State Population Survey.*

# This Briefing Categorizes Recipients into Two Major Groups.

## ***Persons who must be covered under federal Medicaid rules:***

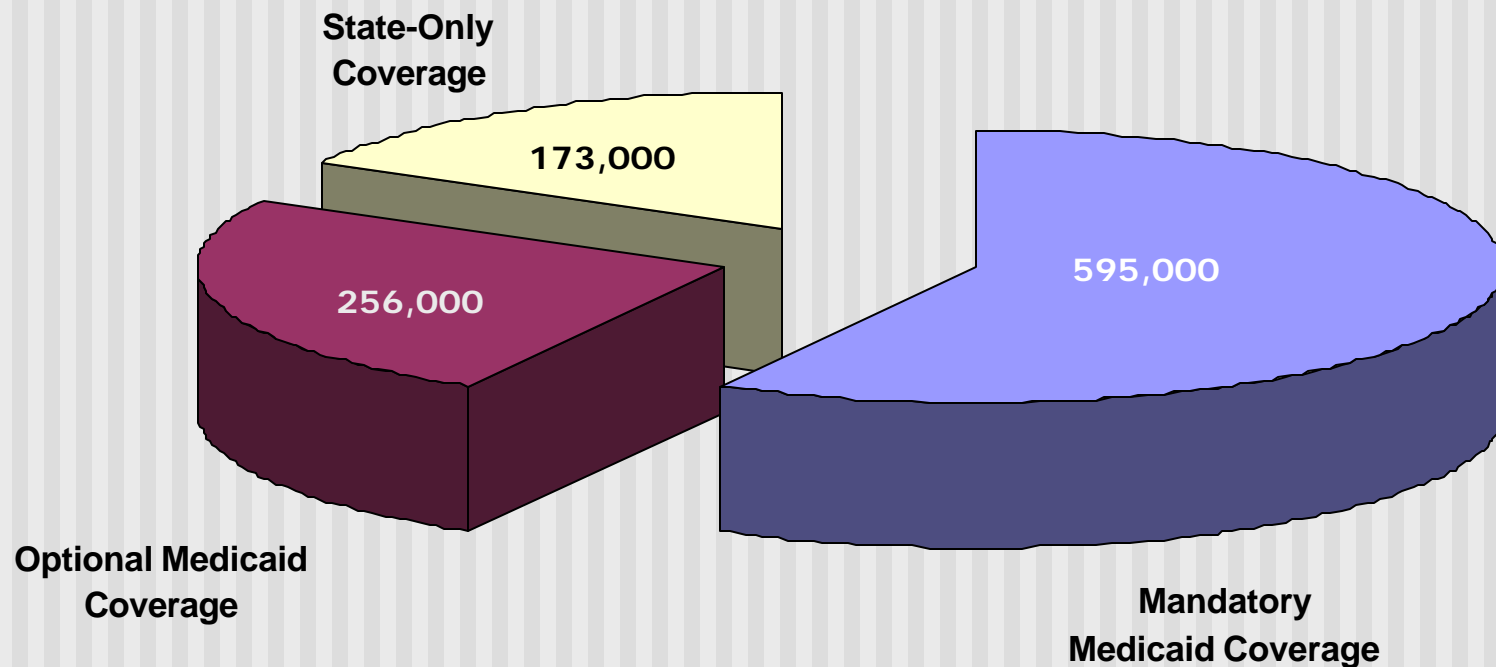
- ❖ who are they?
- ❖ how many of them are there, and how much do their services cost the state?
- ❖ how have their numbers changed over the past 5 years, and what may have contributed to that?
- ❖ what are some state policy choices which could affect future enrollment levels?

## ***Persons covered under Medical Assistance and the BHP at the State's option:***

- ❖ who are they?
- ❖ how many of them are there, and how much do their services cost the state?
- ❖ how does Washington's coverage compare with other states'?
- ❖ what are some state policy choices which could affect future enrollment levels?

# Federal Medicaid Rules Mandate Coverage for About 60% of the Persons Covered by Medical Assistance and the BHP.

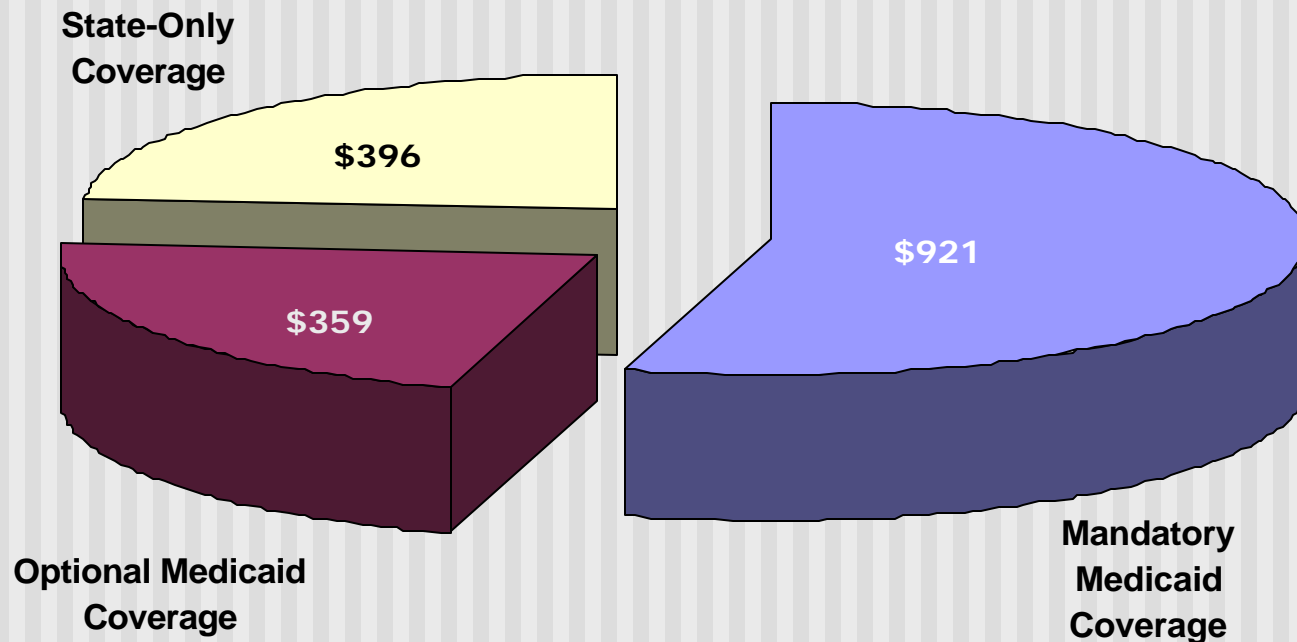
*FY 03 Average Persons Covered*





## Expenditures on Medicaid Mandatory Groups Account for 55% of Total State Expenditures on Medical Assistance and the BHP.

*FY 03 State Cost (\$ in millions)*

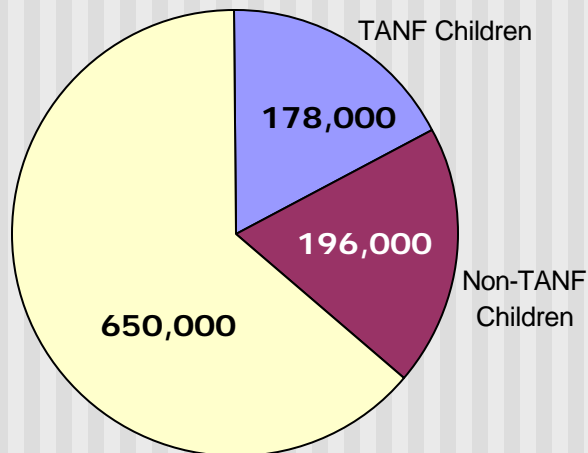


# Children Who Must Be Covered Under Federal Medicaid Rules...

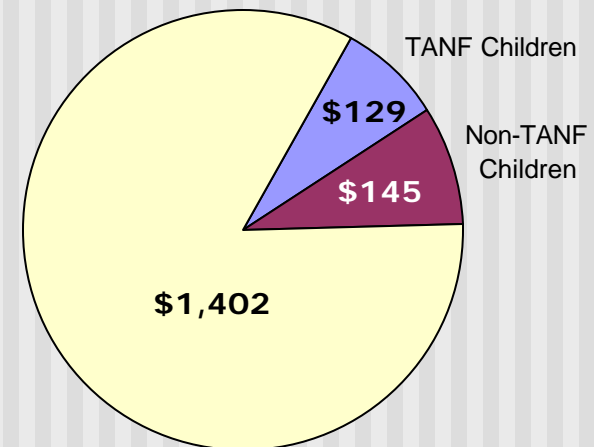
- ❖ family on or being diverted from welfare (TANF),
- ❖ age birth - 5 to 133% of poverty (about \$16,000 per year for a parent and child),
- ❖ age 6 thru 18 to 100% of poverty,
- ❖ in foster care, or receiving adoption support assistance,

**...account for about 35% of all persons covered by Medical Assistance and the BHP, and 17% of total state expenditures.**

FY 03 Average Persons Covered



FY 03 State Cost (in Millions)



# Non-Disabled Adults Who Must Be Covered Under Federal Medicaid Rules...

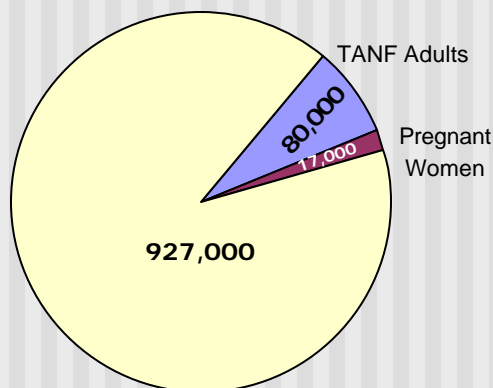
- ❖ pregnant with income below 185% of poverty. Eligible until 2 months post-partum, regardless of subsequent changes in income. (Federal Min = 133%, but states prohibited from reducing).

*Parents who are on or being diverted from TANF:*

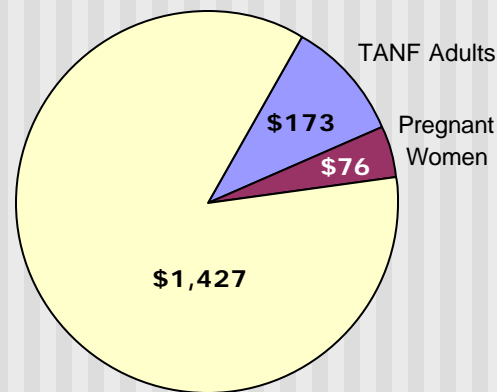
- ❖ August 1996 AFDC Standards. In Washington, these included:
  - ✦ income of \$732 per month (about 50% of poverty) for a family of 4; after disregarding
  - ✦ \$175-\$200/child of actual child care expenses (max allowed expense for 3 children)
- ❖ 6 mo coverage for families losing eligibility because of earnings, regardless of income.
- ❖ up to 6 months of additional coverage for families with incomes below 185% of poverty (\$33,500 per year for family of 4), after deducting child care expenses.

**...account for about 10% of all persons covered by Medical Assistance and the BHP, and 16% of total state expenditures.**

FY 03 Average Persons Covered



FY 03 State Cost (in Millions)



\*assumes 15% of TANF adults exceed old AFDC standards. Better estimates available Nov. '02.

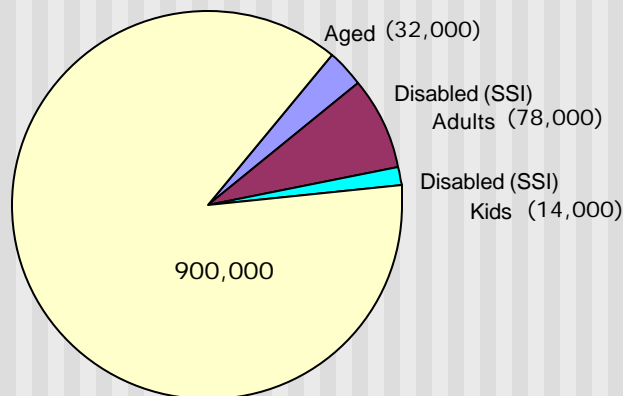
\*\*assumes 1,500 pregnant women are optional, rather than mandatory.

# Elderly and Disabled Persons Who Must Be Covered Under Federal Medicaid Rules...

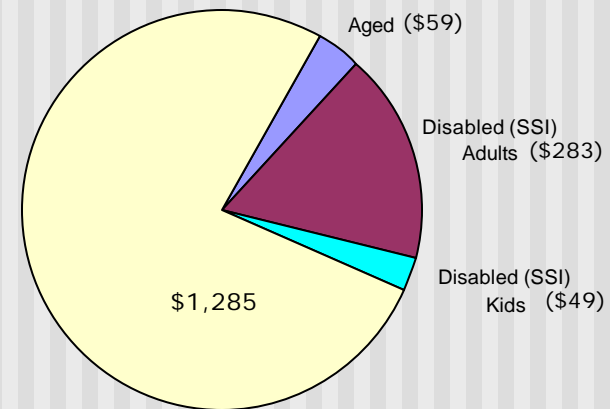
- ❖ Medicare eligible, with income below 100% of poverty.
- ❖ age 65 with income below about 75% of poverty (or up to about twice that if primarily from earnings).
- ❖ adult with a disability of at least 12-months duration which severely limits ability to engage in work; income as above.
- ❖ child with severe functional limitations, and, if living with family, income below about 200% of poverty.

**...account for about 12% of all persons covered by Medical Assistance and the BHP, but for almost one-quarter – \$400 million of total state expenditures.**

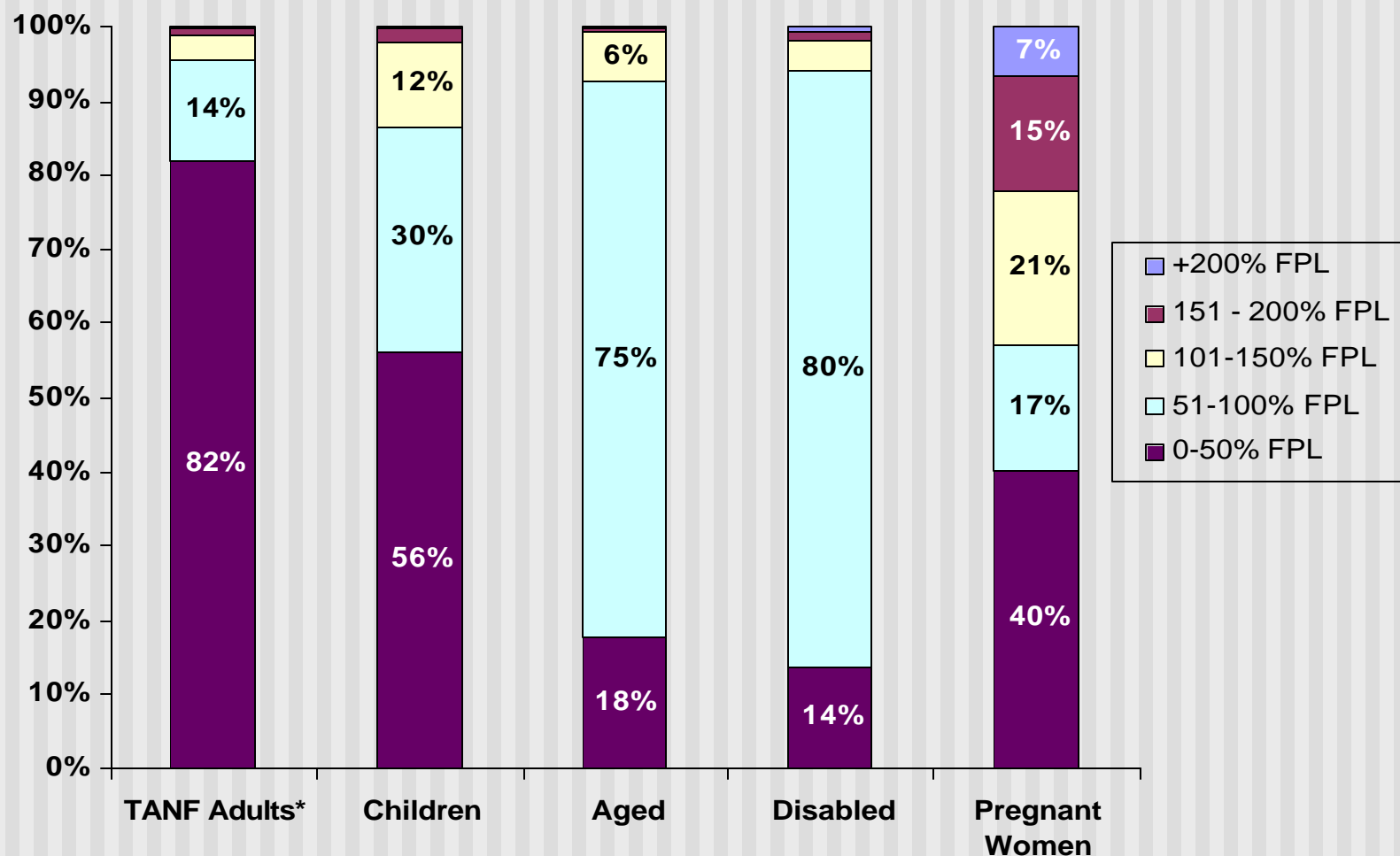
FY 03 Average Persons Covered



FY 03 State Cost (in Millions)

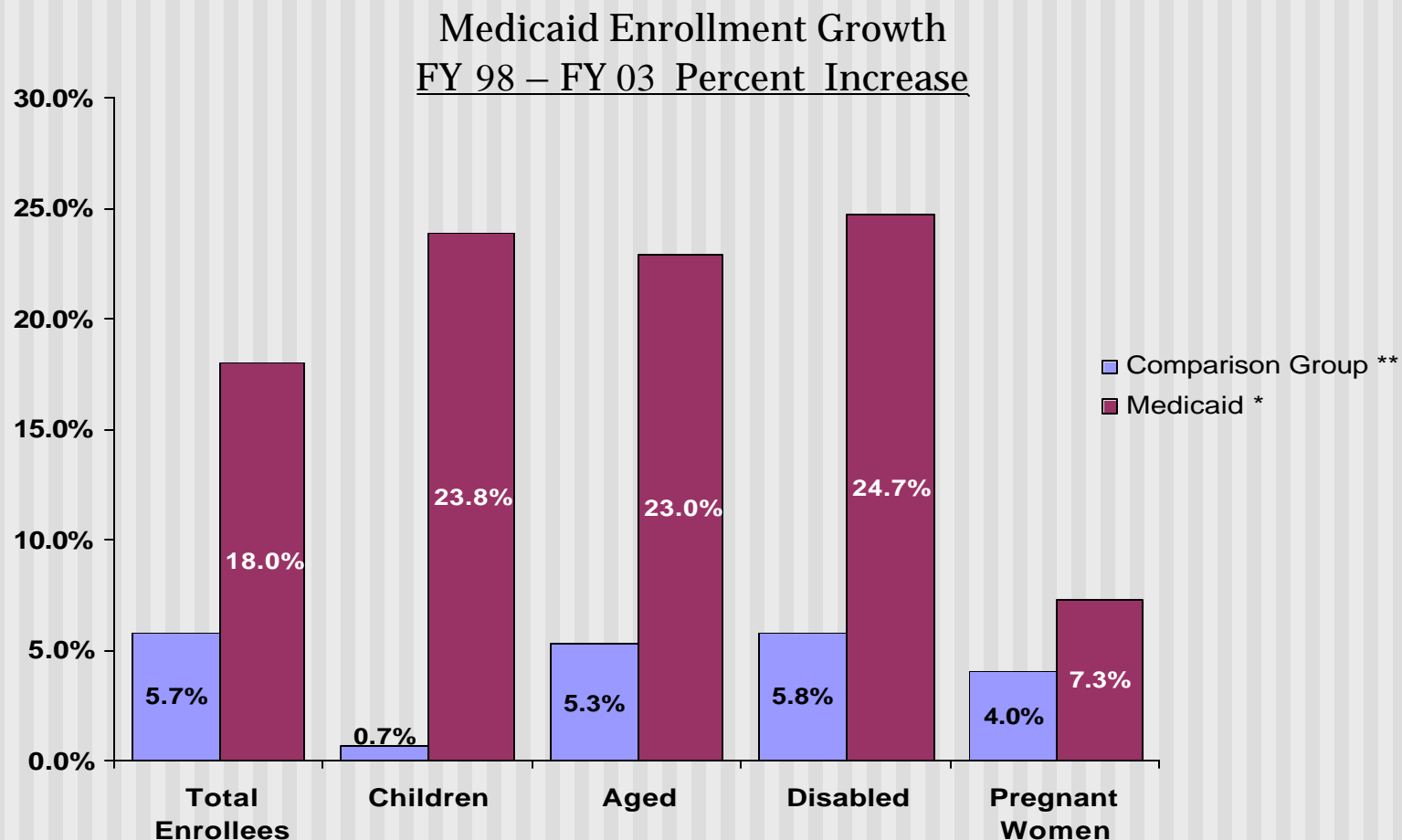


## "Mandatory Medicaid Eligibles" Generally Have Very Low Incomes.



\* assumes optionals distributed proportionately across 50%+ FPL categories.

# Medicaid Enrollment Is Growing Much Faster Than Comparable Components of The Total State Population.



\* all "categorically needy" medicaid enrollees. Break-down of mandatory vs. optional enrollees not available for FY 98.

\*\* Comparison Groups: Total state population for total enrollees; total population aged 0-19 for children; total population aged 65+ for aged; total non-elderly population for disabled; total women aged 15-34 for pregnant women.

# Factors Which May Be Contributing to Rapid Medicaid Enrollment Growth.

## **Children and Pregnant Women**

- ❖ federally- and privately-funded outreach campaigns.
- ❖ reduced dependent coverage from employers, particularly in response to recession and rising health care costs.
- ❖ user-friendly application processes: able to enroll by phone or internet, without documenting income.
- ❖ "continuous eligibility" for 12 months, regardless of subsequent changes in family income.

# Factors Which May Be Contributing to Rapid Medicaid Enrollment Growth. (continued)

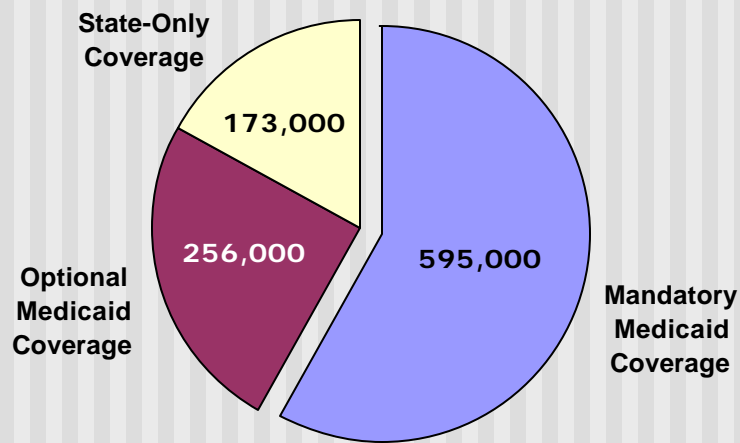
## Seniors and Persons with Disabilities

- ❖ federal Social Security mailings to alert persons to potential Medicaid eligibility.
- ❖ rising medical costs, especially for drugs, provide additional incentive for persons to seek assistance.
- ❖ rapid long-term care enrollment growth (persons in long-term care qualify for Medical Assistance with 3 times as much income).
- ❖ rapid enrollment growth in developmental disabilities waiver programs (parental income not counted for children on waiver; adults allowed 3 times as much income as for regular Medical Assistance).
- ❖ federal standards allowing increased numbers of persons to qualify for SSI (and thus Medicaid) due to mental conditions (among adults), and severe functional impairments (among children).
- ❖ baby boomers working in low-wage occupations increasingly likely to become disabled as they age.

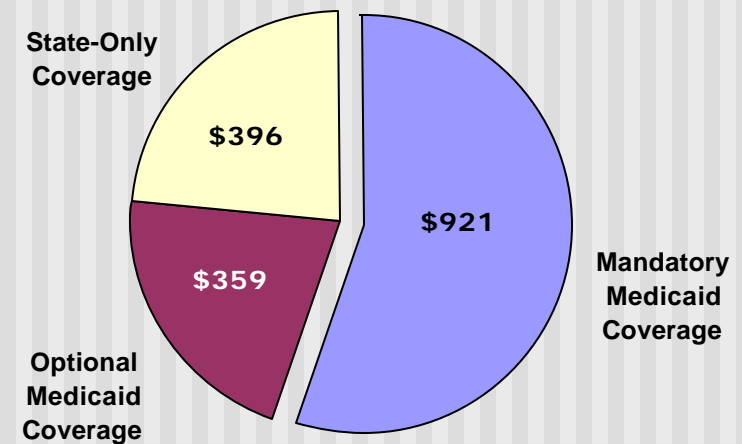


# About 40% of Enrollees, Accounting for About 44% of Total State Expenditures, Are Covered At the State's Option.

FY 03 Average Persons Covered

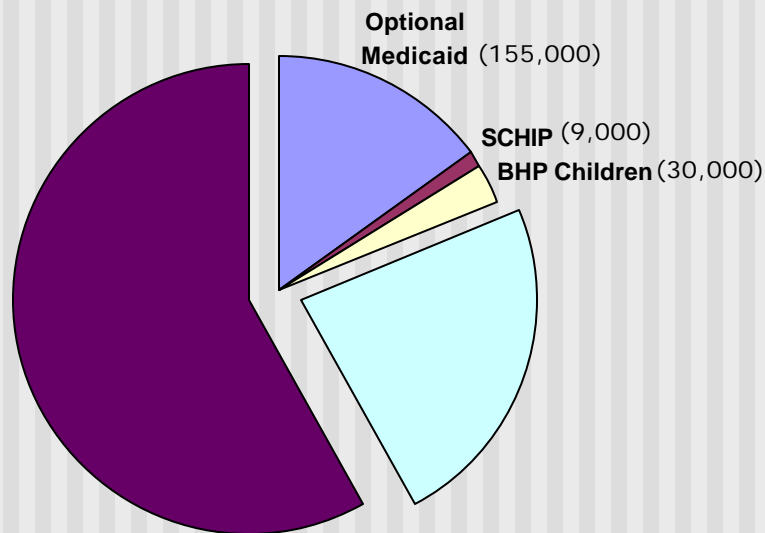


FY 03 State Cost (in Millions)

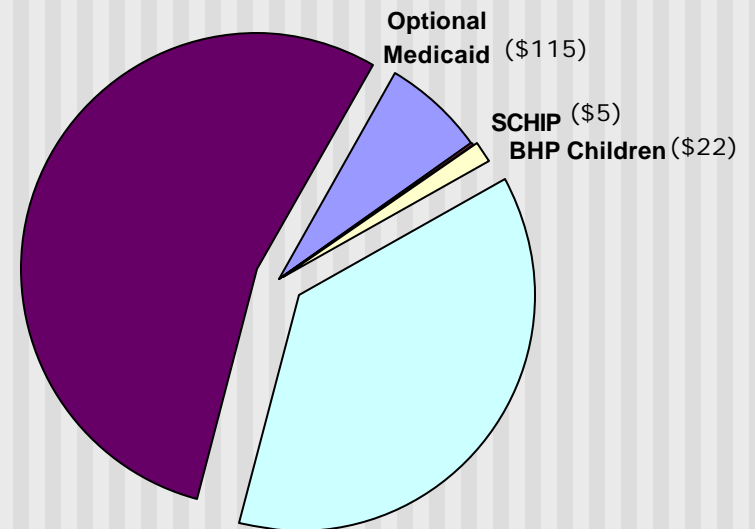


# Optional Children Account for About 19% of All Persons Covered by Medical Assistance and the BHP, and About 8% of Total State Expenditures.

FY 03 Average Persons Covered



FY 03 State Cost (in Millions)



# Medical Assistance and BHP Coverage for "Optional" Children.

## *Washington Coverage Not Required by Federal Medicaid*

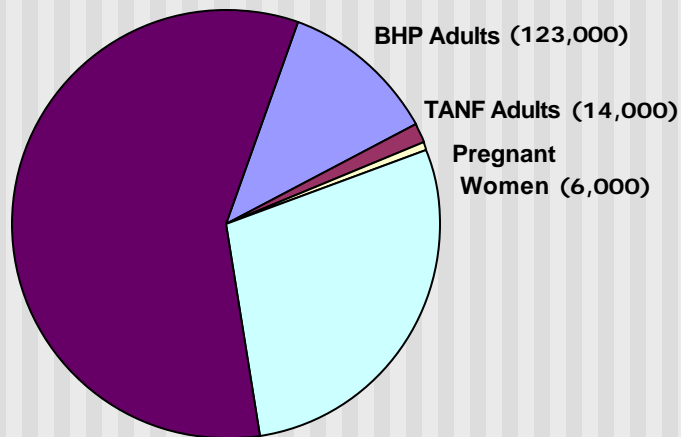
- ❖ Medicaid coverage for children age 0-5 between 133-200% of poverty.
- ❖ Medicaid coverage for children age 6-18 between 100 - 200% of poverty.
- ❖ SCHIP coverage for children age 0-18 between 200-250% of poverty.
- ❖ Medicaid and SCHIP children continuously eligible for 12 months.
- ❖ BHP coverage for undocumented children to 100% of poverty.

## *How Washington Eligibility Compares to Other States*

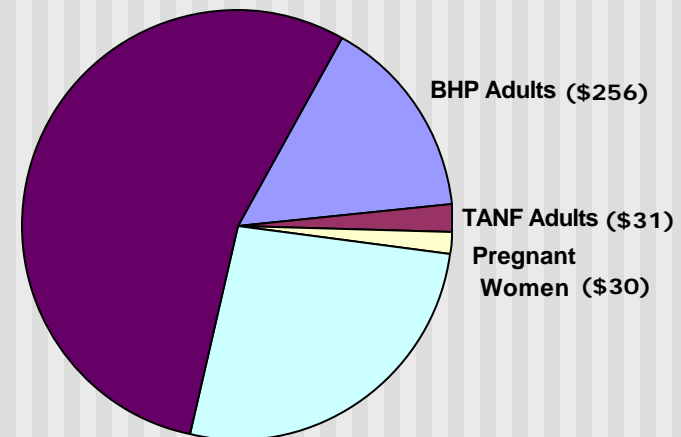
- ❖ Medicaid/SCHIP coverage at "upper end of middle group of 30" states -- 7 states cover at higher income levels; 6 at about the same level; 26 to 200% of poverty; and 11 at lower levels.
- ❖ 16 others allow 12-months continuous eligibility, and 11 allow self-declaration of income.
- ❖ 18 others provide state-only coverage for documented children; 4 others do so for undocumented children.

# Washington Will Spend About \$320 Million This Year on Medical Coverage for Non-Disabled, Non-Elderly Adults for Whom Coverage Is Not Required by Federal Medicaid Rules.

FY 03 Average Persons Covered



FY 03 State Cost (in Millions)



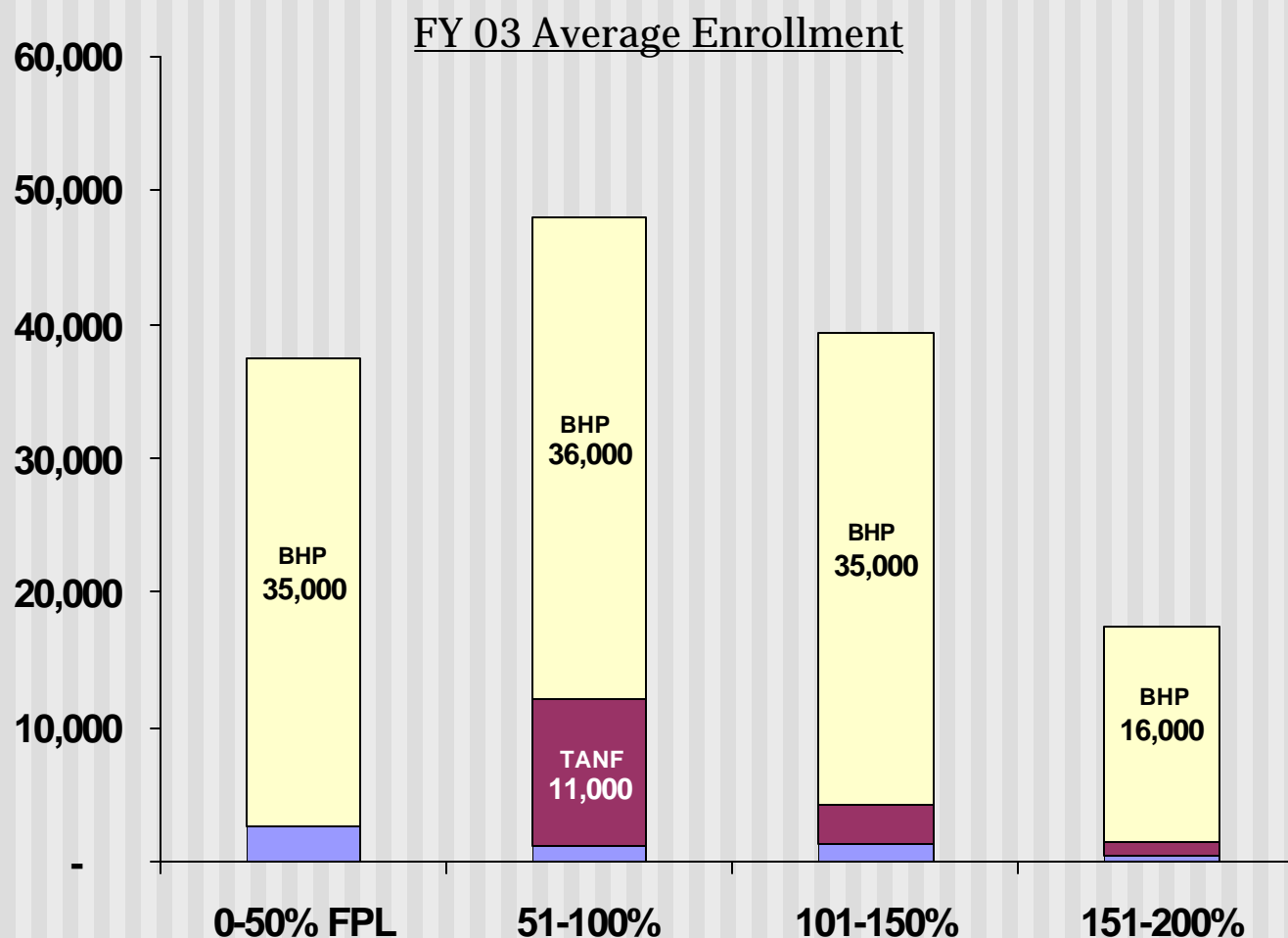
# Federally-Optional Medical Coverage Provided for Non-Disabled Working-Aged Adults.

- ❖ state-only Medical Assistance for pregnant immigrants.
- ❖ disregard 50% of earned income for TANF Families (allows Medicaid coverage to about 85% of poverty for family of 4, vs. 49% federal minimum).
- ❖ disregard actual child care expenses for TANF Families (vs. \$175-\$200/child federal minimum).
- ❖ Basic Health Plan subsidies ranging from 54-95% of cost for state residents under 200% of poverty. Legal U.S. residency not required.

## How Washington Compares to Other States

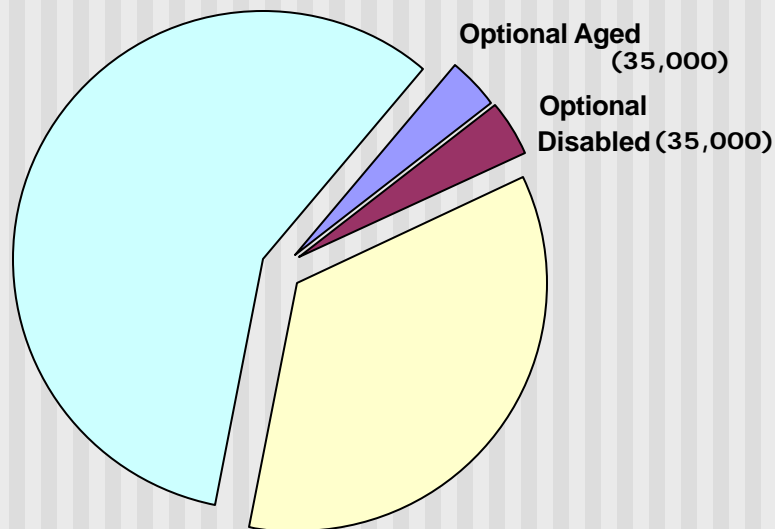
- ❖ approximately 11 other states provide pregnancy coverage regardless of legal status.
- ❖ For TANF Families, approximately 15 states allow higher earnings, and 3 about the same (2001 data); 4 other states place no limit on child care expenses (1998 data).
- ❖ BHP is the only large-scale, fully state-funded program of its kind in the country. However, 16 states operate Medicaid waivers which cover adults at higher income levels than Washington Medicaid. Of those:
  - 6 cover parent at or above 200% of poverty.
  - 11 also cover non-parents, though only 2 do so at more than 150% of poverty.

## About 60% of BHP Enrollees and of the Optional Non-Disabled Adults Covered by Medical Assistance Have Incomes Below Poverty.

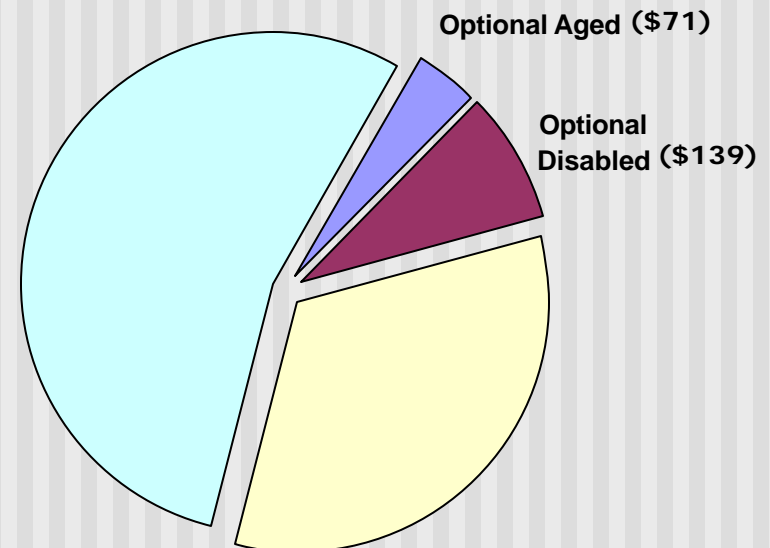


# Medicaid Coverage for "Optional" Elderly and Disabled Persons Will Cost About \$200 Million This Year -- 13% of Total State Expenditures.

FY 03 Average Persons Covered



FY 03 State Cost (in Millions)



# Federally-Optional Medicaid Coverage Provided for Elderly and Disabled Persons.

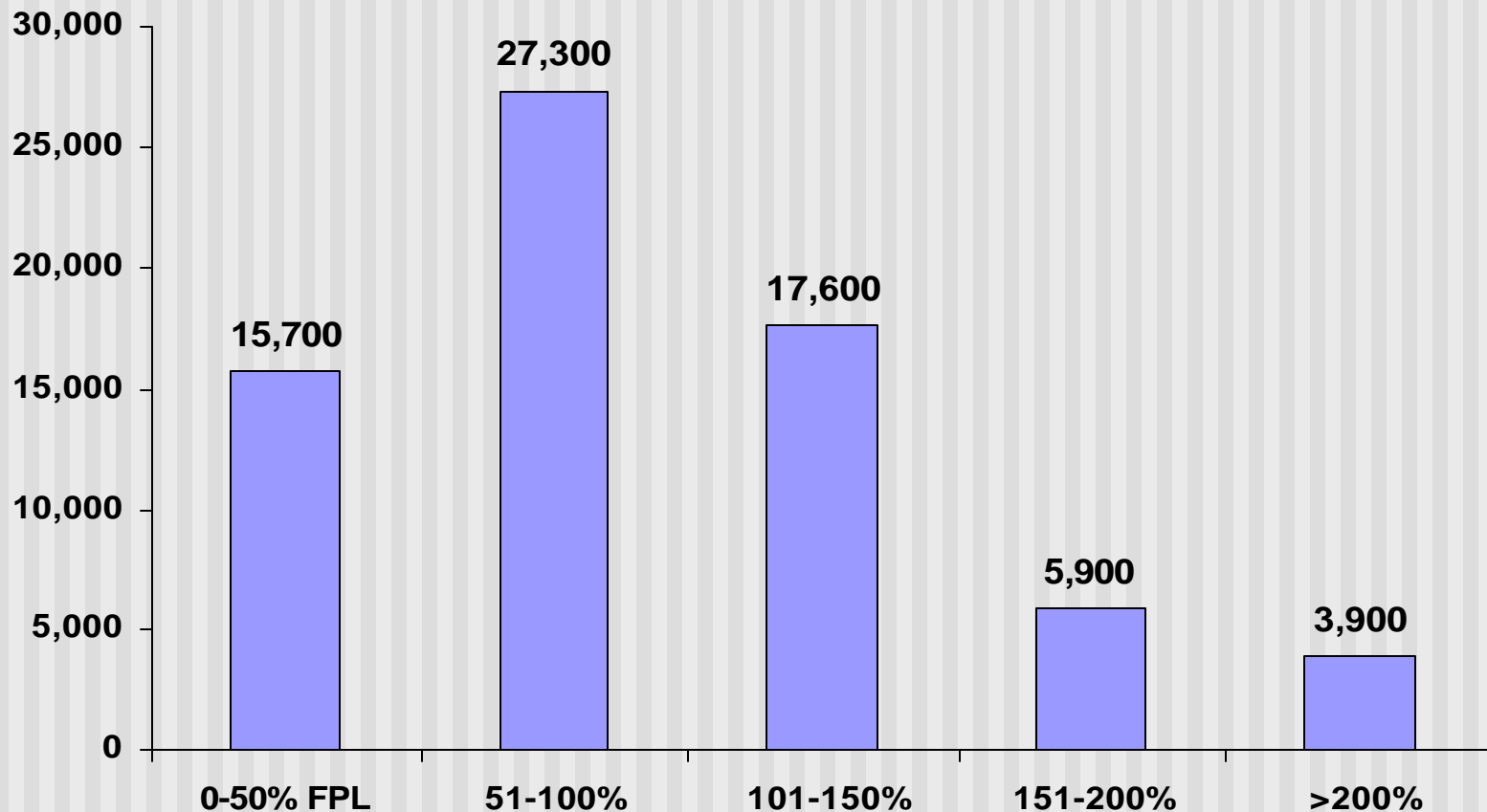
- ❖ Nursing Home Care: medical bills (including nursing home) in excess of the facility's Medicaid rate, or twice that amount if married. ("medically needy" coverage)
- ❖ Community Long-Term Care: income below \$1,700/month for a single person (230% of poverty), or \$3,400/month for a couple (340% of poverty); if a child on DD waiver program, parents' income disregarded.
- ❖ Medically Needy: if not in a nursing home, medical bills equal to all income in excess of \$571/month for a single person, or \$592 for a couple.

## How Washington Compares to Other States

- ❖ 33 states use the same community income standard, 4 a slightly lower one, and 13 a substantially lower one.
- ❖ 7 states have a higher "medically needy" standard, 26 a lower one, and 16 none at all.
- ❖ 26 states have substantially lower cash-asset allowance for couples seeking long-term care.
- ❖ anecdotal reports that Washington makes more extensive use of community waivers, resulting in higher medicaid caseloads, but specific interstate comparisons not available.

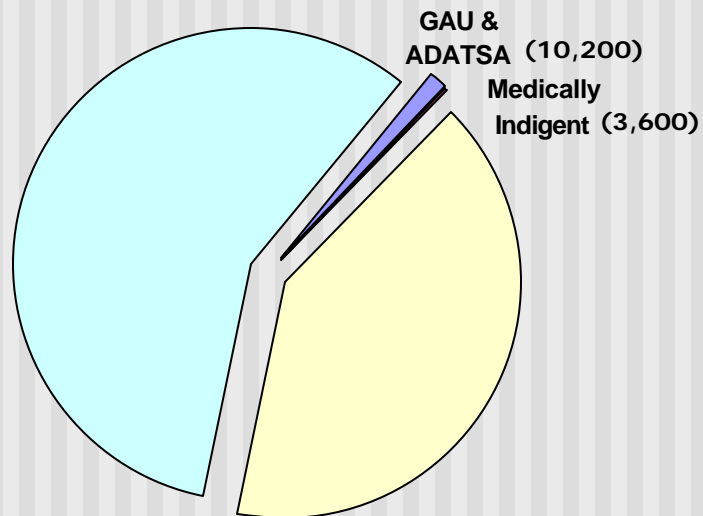


## 60% of the Federally-Optional Elderly and Disabled Persons Covered Have Individual Incomes Below the Poverty Level.

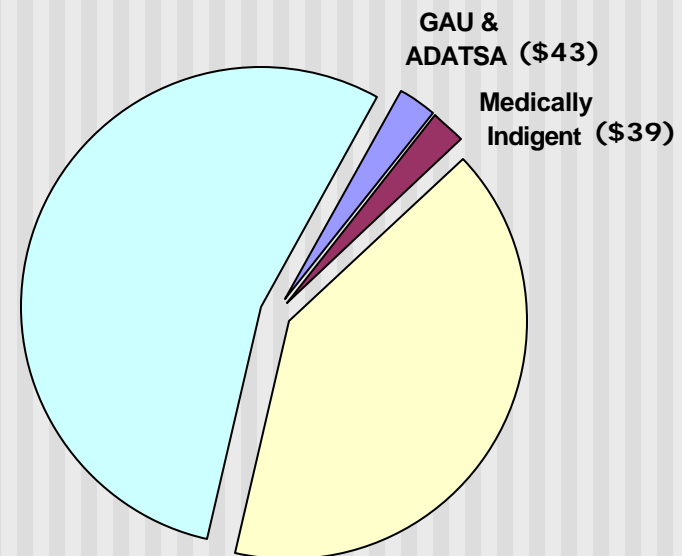


## About 5% of State Medical Expenditures Are for the State-Only "Safety Net" Programs: Medically Indigent, GAU, and ADATSA.

FY 03 Average Persons Covered



FY 03 State Cost (in Millions)



# These Programs Pay for Medical Care for Very Low-Income, Impaired Adults Who Do Not Qualify for Any Other State or Federal Coverage.

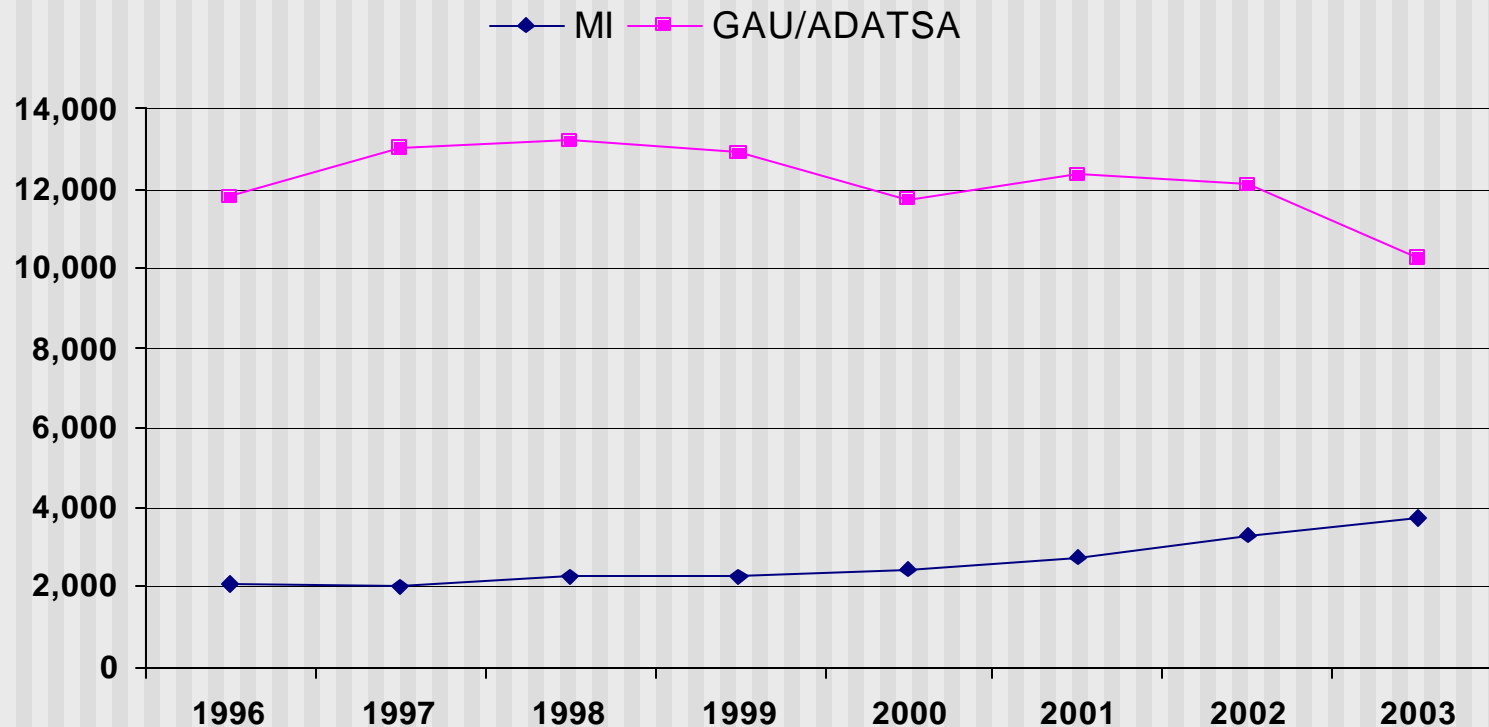
## Eligibility Criteria

- GAU:** income less than \$339/month (46% of poverty), and incapable of gainful employment due to a physical or mental impairment (other than substance abuse). Impairment expected to last 90+ days, but not expected to meet federal disability standards.
- ADATSA:** income less than \$339/month, and unable to work due to a moderate/severe chemical dependency. Willing to participate in treatment; or, with protective payee, impaired due to substance abuse after 60+ days abstinence.
- MI:** emergency medical condition; income less than \$571/month (78% of poverty), and less than \$2000 resources, after medical bills; and \$2,000 of incurred medical expenses. Eligible 3 months per 12.

## How Washington Compares to Other States

- GAU/ADATSA:** medical benefits included in 31 of 35 states which operated GA programs in 1998.
- MI:** no comparative data available. 26 besides Wa used Medicaid DiSH payments to offset some hospital charity care in 1997. Some operate hospital charity pools/reinsurance programs.

## GAU/ADATSA Enrollments Vary with Efforts to Divert to SSI and Strictly Apply Standards, While MI Caseloads Have Grown 20+% in Recent Years.



	1996	1997	1998	1999	2000	2001	Estimate	
MI	2,060	2,003	2,284	2,271	2,457	2,734	3,338	3,744
GAU/ADATSA	11,786	12,997	13,179	12,911	11,716	12,322	12,084	10,275